
US EXECUTIVE APPROVAL FORM**CUSTOMER NAME: Smithfield Foods****PARTNER/VAD NAME:****Request for Approval 5/23/03**

1. Increase discount from 65% to 70% (Tier 1)
2. If Customer meets the \$1.45M threshold prior to Nov. 30, 2003, grant them a 5 Year, 70% (or deal discount) Price Hold on the entire price list excluding Ebus and Collab Suites. (versus the previously approved 3 years at 65%)
 - Draft with \$750k min. buy, approval for \$100K min. buy thresholds

Justification: The deal remains very competitive with SAP and former Oracle Senior Exec is now involved. John Nugent flew out and met with the customer execs. The result: SAP has now beat our offer in License and Consulting and provided a 5 year price hold for all products on their list. Current TCO is now in SAP favor. Cited key wins at Conagra & Tyson (at Oracles expense) and continued to cite our lack of visibility in the space. This would be our first apps win in beef/pork processing industry in North America and represent a major CPG win. OCS has \$2.8 bid as part of this project. Lisa Pope has spoken directly with Smithfield Exec and believes that it could slip until June due to SAP and customer but possibility to close is real. OCS also has opportunity to close in May and do not want to lose to SAP\BearingPoint\IBM and Nugent.

Approved discounts would reflect the following changes in L & S below.

Part 1. Net L. \$21,744 Support \$23,918

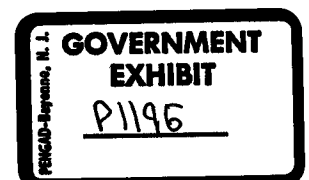
Part 2. Net L \$1,454,025 Support \$319,886

All Items Below this line Were Approved on 5/7/03

1. Increase the discount from 60% to 65%. -Tier 1
2. Modify the original #1 request's conclusion date from August 31 to November 30th due to delay in start and reduce the cumulative spend from \$1.9M to \$1.7M..

Justification: The CRP will not be complete until at the earliest October. We are hedging by asking for an approval through November. We will draft the contract with October1.

3. If Customer meets the \$1.7M threshold prior to Nov. 30, 2003, grant them a 3 Year, 65% (or deal discount) Price Hold on the entire price list excluding Ebus and Collab Suites. (versus the previously approved 2 years on only programs being purchased today)
 - a. Draft with \$250k min. buy, approval for \$100K min. buy thresholds



Justification: The deal is still very competitive with SAP and this would represent our first apps win in the beef/pork processing industry. SAP owns the lion share of this space with key wins at Conagra and Tyson. Draft will include a 55% discount with a subset of the programs to cover the next two years of known demand. In anticipation that this will not be sufficient, request is for the above to enable field team to negotiate without returning for additional approval.

If deal has changed then note here what the new Net L, Net S and total Net L+S is here:

Part 1 Net L. \$31,199 Support \$33,319
Part 2 Net L \$1,713,208 Support \$376,906

All Items Below This Line Were Approved on 3/25/03:

SECTION I - Approval Requests:

HQAPP Requests:

1. Price Hold through August 31, 2003 at the discounts being offered on this deal (60%). If the Customer has a cumulative spend of greater than \$1.9M Net L prior to August 31, 2003, grant them an additional 2 year price hold extension on perpetual licenses. (draft with Aug. 15, 2003 date)
 - The Part 2 deal summary box below details out what the team expects the purchase off of the price hold to be.
2. Request that if Customer meets the threshold to warrant the extension, that Oracle agrees to grant them a 2 renewal year technical support flatline on the licenses that make up the \$1.9M initial order(s).

TIER 1 Requests:

3. Request approval to sell the Programs/Quantities listed in the deal summary box on a 1 year term bases (Term list license price to be 20% of perpetual, support to be at perpetual pricing). Request approval for a 60% discount. (draft at 50%)
 - In the event that Smithfield chooses to purchase Perpetual licenses for the CRP, we are seeking the same 60% worst case discount.

TIER 2/3 Requests:

4. 1.Majority owned subs > 50% with or without exhibit subs do not agree in writing but HQ has the authority to bind subs and will bind.
5. Divestiture up to 1 year – standard contract option.

Non-Approval Issues: Draft with minimum purchase of \$150K for each transaction going forward.

Previously approved requests (include date of approval):

- 1.
- 2.

SECTION II – Deal Summary: Smithfield Foods is looking to purchase the minimum licenses and support necessary to conduct a Conference Room Pilot (CRP) for the Order To Cash workflow. They will use the CRP to assess Oracle's capabilities as Oracle does not have referenceable OTC customers in the food processing industry vertical.

Once the CRP is complete (slated for mid July), this deal will provide the customer with the option to purchase the full roll out's worth of licenses (Deployment) at a worst case 60% discount (net \$ 1.9L) . The CRP licenses will likely be Term licenses to keep short term costs (risk) to a minimum, and will be discounted at the same worst case discount through August '03. We will lead with 50%. In the event that Smithfield chooses to purchase Perpetual licenses for the CRP, we are seeking the same 60% worst case discount. The price hold is requested through August to allow for slippage. OCS is actively bidding for the CRP and roll out work, and has a fixed price proposal submitted for \$3M +.

Deal Summary	
Programs	Database EE, Diagnostic Pack, Tuning Pack, Change Management Pack, 9iAS, Open Systems Gateway, Marketing Online, Trade Management, iStore, Order Management, Release Management, Advanced Pricing, Configurator, Demand Planning, iReceivables
License Discount	60 %
Support Discount	60 %
Support Options/Holds	2 renewal year flatline from 8/03 if thresholds are met
Price Holds	2 + year price hold if thresholds are met
Two Part Deal	These are the licenses necessary for the Conference Room Pilot (CRP) to complete the initial evaluation of Oracle Applications Software.
Part 1	
List License -Perpetual	\$445,700
List Support -Perpetual	\$98,054
List 1-Year Term (20% of Perp)	\$89,140
Net License -1 Year Term - 60%	\$35,656 / Perpetual Alternative = \$178,280
Net Support -1 year Term=Perpetual rate - 60% disc.	\$39,221.60 / Perpetual Alternative = same = \$39,221.60
Net Comp & Admin	
Net Total Price -1 year term	\$74,877.60 / Perpetual Alternative = \$217,501.60
Price List Used	March 2003

Part 2 - Order To Cash Applications deal (see attached ss for detail)

60% Worst Case Discount with Post CRP Deployment Licenses. These licenses are for the Deployment requirements at the conclusion of the CRP to be completed by July 15th and purchased by August 31st

List License Deploy	\$4,888,450
List Support Deploy	\$ 1,075,459
List Comp & Admin	
Net License Deploy	\$1,956,880
Net Support Deploy	\$ 430,514
Net Comp & Admin	
Net Total Price Deploy	\$ 2,387,394
Price List Used	March 2003

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	No
Date of Price List for price hold	
When does price hold expire?	
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	
Name of Agreement if applicable	

SECTION III - Justification:

See also details under each request in 1st section...

Smithfield Foods is an existing Oracle APPS Customer (Financials and HR) who is currently implementing with OCS. Oracle does not have applicable references for Order to Cash in the food /process manufacturing vertical. Smithfield would be an excellent reference candidate as they own 24% of this \$ 36B market (pork production).

Smithfield is extremely risk averse. But this proposal should be enough for them to proceed with an Oracle OTC solution (in spite of our lack of references) if Oracle agrees 1) to lock in pricing now for the full Order to Cash solution, good through Q2, and 2) support a CRP with Term licenses discounted at the same discount as the full roll out licenses.

This deal is competitive with SAP, who has significant presence in this industry space, including installations at Conagra and Tyson.

Recommendation: Need to beat SAP. Approve.

Submitted By: Frank Bagli, Pope, Runk, Block

R: 5/23/03
 C: 5/23/03
 L: 5/23/03
 A: 5/23/03
 BP: BL